

FISCAL NOTE

SB 3321 - HB 3463

February 15, 2008

SUMMARY OF BILL: Exempts the retail sale of solar panels from state and local sales tax when used for residential purposes.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$214,300


Decrease Local Revenue - \$68,900

Assumptions:

- According to the Department of Revenue, the total retail value of solar panel sales in Tennessee for 2006 was approximately \$1,540,000.
- According to the National Renewable Energy Laboratory, the growth rate for green energy use was forty-one percent in 2007.
- Adjusted solar panel sales for Tennessee are estimated to be \$3,061,700 in FY08-09.
- The current state sales tax rate is 7.0%.
- The decrease to state revenue is estimated to be \$214,300 ($\$3,061,700 \times 7.0\% = \$214,319$) per year.
- The local option tax rate is estimated to average 2.25%
- The decrease to local government revenue is estimated to be \$68,900 ($\$3,061,700 \times 2.25\% = \$68,888$) per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc

SB 3321 - HB 3463